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SUBJECT: NABUCCO PIPELINE: AUSTRIA INVITES AZERBAIJAN'S STATE COMPANY TO PARTICIPATE

REFS: VIENNA 2423 AND PREVIOUS

¶1. (SBU) On the occasion of a visit to several Central Asian countries, an Austrian business delegation, headed by Minister of Economics and Labor Martin Bartenstein, met with their counterparts from Azerbaijan in Baku on September 21. Bartenstein and his Azeri colleague Natiq Aliyev signed a "Memorandum of Understanding" (MoU) should serve as the basis for natural gas delivery to Austria and for linking Azeri gas to the planned Nabucco pipeline. The MoU also states that OMV, the Nabucco lead company, will start negotiations with the Azeri state company Socar (State Oil Company of Azerbaijan Republic) about Socar's become a partner in the Nabucco consortium. OMV will open an office in Baku to facilitate the talks.

¶2. (SBU) In background talks with Austrian press, Nabucco chairman and OMV manager Reinhard Mitschek emphasized that Socar would be the first Nabucco partner with substantial gas reserves of its own to feed into the pipeline. According to Aliyev, his country is very interested in supplying Western Europe with gas, and intends to strengthen its role as transit country. Azerbaijan could deliver up to 10 billion cubic meters (bcm) per year to the Nabucco pipeline. Mitschek said that also Turkmenistan, the country with the third biggest natural gas reserves in the world, is in sight as supplier to Nabucco.

¶3. (SBU) Over the weekend, Chancellor Alfred Gusenbauer told the Austrian Press Agency that "we would build the Nabucco pipeline in any case", even if there is resistance from the U.S. because Austria and the EU have to reduce their dependence on Russian energy. For this reason, Gusenbauer was expected to hold talks with the Kazakh and Turkmeni heads of state on the margins of his visit to the UNGA.

¶4. (SBU) Meanwhile, on September 22, a spokesman from the Ministry of Economics and Labor reiterated the GoA's support for OMV's exploration efforts in the South Pars gas fields in Iran. France's request that Austria reduce its oil business in Iran would not change this policy, according to the spokesman, who said that only new EU or UN sanctions could change Austria's position.

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